

FISCAL NOTE

SB 1335 - HB 1934

March 23, 2001

SUMMARY OF BILL: Increases the interest rate required to be paid on refunds or additional taxes due following a property tax appeal from two percentage points below the composite prime rate published by the federal reserve board to one percentage point above such rate.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Revenues - Not Significant
Increase Local Govt. Expenditures* - Exceeds \$500,000

Estimate assumes:

- local governments will experience an increase in expenditures for interest paid on refunds on appealed assessments.
- based on a 3% increase in interest paid in Shelby County and the City of Memphis on refunds on appealed assessments, the increase in expenditures is estimated to exceed \$300,000 just for those two local governments with over \$25,000,000 in refunds annually and an average interest accrual period of 6 months. The impact elsewhere in the state is estimated to be less than that in Shelby County and Memphis but the total impact is estimated to exceed \$500,000 statewide.
- most taxpayers pay the full amount of tax due and seek a refund if their appeal is successful rather than only paying the undisputed amount, so any increase in interest collected by local governments is estimated to be not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial 'J'.

James A. Davenport, Executive Director